GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2277
ANSWERED ON:14.03.2008
OPENING OF BANK ACCOUNTS
Mcleod Smt. Ingrid;Murmu Shri Hemlal;Shakya Shri Raghuraj Singh

Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank of India has relaxed the norms for opening of bank accounts in the country;

(b) if so, the details thereof;

(c) whether any target has been fixed by the Government for opening of accounts in Public Sector Banks and Private Banks; and

(d) if so, the details thereof?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) & (b): Reserve Bank of India (RBI) has issued detailed guidelines on 'Know your Customer'(KYC) norms and Anti Money Laundering Standards to be followed by banks while opening accounts in banks vide its circular dated November 29, 2004. These guidelines were revised in August, 2005 to simplify KYC norms, to enable people from low income group to access banking services.These guidelines,inter-alia, provide that a bank can open account of a person based on introduction by another account holder who has been subjected to proper KYC procedure. In order to achieve greater financial inclusion, RBI has further simplified these guidelines in February, 2008. This was aimed at removing rigidity in the interpretation of existing guidelines as far as documentation for verification of identity is concerned.

Further, with a view to achieve the objective of greater financial inclusion, all Scheduled Commercial banks were advised to make available a basic banking "No Frills" account either with a nil or very low minimum balances as well as charges that would make such accounts accessible to vast sections of population.

(c) & (d): The Government has accepted some of the recommendations of Rangarajan Committee on financial inclusion. Accordingly, in the Budget 2008, the Finance Minister has asked banks to ensure that every year 250 new accounts are opened per branch.